

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 1544 - HB 1378

February 25, 2021

SUMMARY OF BILL: Creates a “local wine industry association” license for \$150 a year, for nonprofit associations organized to encourage grape growing and wine making with 10 or more member wineries in the association. Authorizes a holder of this license to do the following:

- Advertise and promote wines sold by its members;
- Purchase and receive donations of wine from its members, with the members of the association or the association being authorized to transport the wine;
- Host a wine festival with wines from the members of the association;
- Offer complimentary samples for off-premises consumption;
- Obtain a winery direct shipper’s license; and
- Make sales and deliveries of any wine that is sold by its members.

ESTIMATED FISCAL IMPACT:

Decrease State Revenue – Net Impact – \$450/FY21-22/ABC Fund
Net Impact – \$750/FY22-23 and Subsequent Years/
ABC Fund

Assumptions:

- Based on information from ABC, this new license would only apply to one entity in Maynardville, Union County.
- It is assumed that the Appalachian Region Wine Producers Association (ARWPA) would seek a local wine industry association license.
- There is an initial application fee of \$300 per license and a \$150 annual fee payable to the Tennessee Alcoholic Beverage Commission (ABC).
- A total increase in state revenue to ABC of \$450 (\$300 + \$150) in FY21-22 and an increase in state revenue to ABC of \$150 in FY22-23 and subsequent years.
- According to ABC, a winery direct shipper’s license would not be issued to this entity due to conflicts with Tenn. Code Ann. § 57-3-217.
- Any impact on local government tax revenue is estimated to be not significant.
- In 2018 ARWPA hosted an eight-day festival and was charged \$100 dollars a day by ABC for festival licensing.
- In 2019 ARWPA hosted a ten-day festival and was charged \$100 a day by ABC for festival licensing.

- It is estimated that ARWPA will host one festival each year for nine days each, and that in the absence of this legislation ABC would have received \$900 (9 days x \$100) beginning in FY21-22.
- The net decrease in revenue to ABC is \$450 (\$900 - \$450) in FY21-22, and \$750 (\$900 - \$150) in FY22-23 and subsequent years.
- Because these festivals already take place, any increase in sales or liquor-by-the-drink tax revenue is estimated to be not significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Bojan Savic". The signature is written in a cursive, flowing style.

Bojan Savic, Interim Executive Director

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